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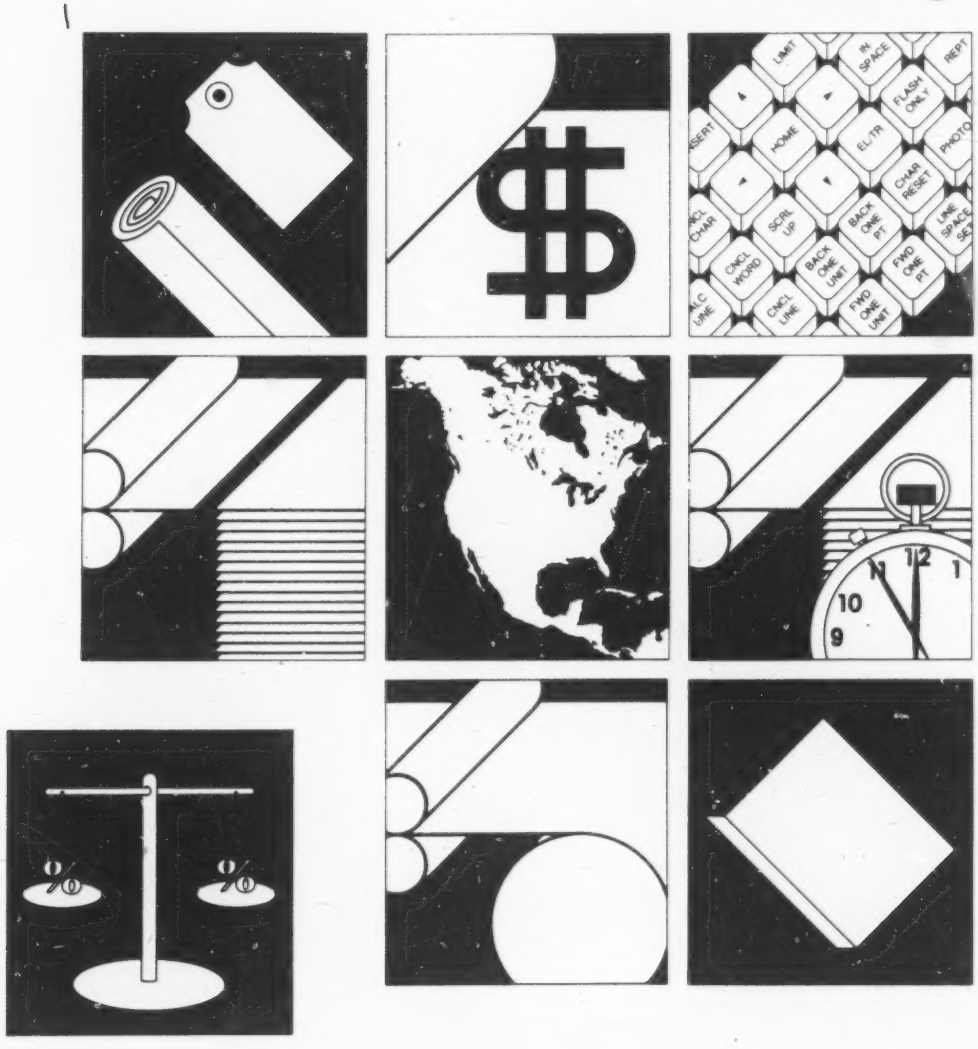
PIA INC

FINANCIAL SERVICES

1985 Financial Ratio Study



Volume VII

Web Offset Printers—Non-Heatset

ABOUT PIA...

Printing Industries of America, Inc., is a federation of national, regional, state, and city associations composed of over 12,000 graphic arts firms. PIA and its affiliated associations comprise the largest trade association in the world dedicated to serving the interests of the graphic arts community. Membership in one of PIA's Affiliated Associations automatically entitles an organization PIA membership.

PIA's Financial Services offers the following products and services:

- PrintFinance: PIA in conjunction with Merrill Lynch brings you an innovative, comprehensive financial package called PrintFinance, available only from PIA Financial Services. PrintFinance is a unique competitively priced financial services package developed especially for the printing industry and allied graphic arts firms.
- The Annual PIA Financial Ratio Study - A Multinational Financial Survey
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- Reprints of "Economics and Financial Management" articles from issues of PIA Management News
- Financial Management/Investment Banking Seminars
- Production Profit Target Program: production guidelines for sheetfed presses, web presses, bindery, and prepress equipment

For further information, contact:

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1730 North Lynn Street
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PIA's Education and Publication Services is active in financial management, offering numerous publications on the subject:

- Best & Worst Markets for Printers in the 1980's (a unique marketing and financial planning aid, available by subscription directly from PIA)
- Cost Accounting for the Job Order Printer
- Graphic Arts Estimating, Volume I
- Money Making Guide to Printing Estimating, revised edition
- Running in the Black: Six Steps to Managing Printing Profitability
- Sales Compensation in the Printing Industry - 1983
- Simplified Cost System
- Tax Planning for Your Graphic Arts Business
- Understanding Value Added
- Value Added Financial Management: A Guide for Printers
- 1981–82 Production Management Compensation Survey
- 1983 Survey of Sales Management: Practices and Compensation

Members may obtain these books through their PIA Affiliated Associations' Graphic Arts Bookstores, or by calling 1-800/PIA-DATA. Available free upon request from PIA is PrintCatalog, a comprehensive listing of all the publications and programs offered by all components of PIA. For further information about how to order or about the contents of publications, contact:

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Volume VII: Web Offset Printers—Non-Heatset

An Annual Financial Survey Conducted By:
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PRINTING INDUSTRIES OF AMERICA, INC.

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Dear Colleague:

1985 is the 62nd year in which Printing Industries of America, Inc. has collected and published detailed financial ratio information for members of the graphic arts community. The data presented each year provide a detailed and comprehensive picture of the financial status of the major segments of the graphic arts industries in the U.S., Canada, and throughout the world. In addition, it allows individual firms to compare their annual performance with that of many other similar firms, including those which earn well above-average profits. Ratio results are published annually. They are summarized as follows:

- Management Guide to the PIA Ratios
- All Printers by Sales Volume
- All Printers by Product Specialty
- All Printers by Geographic Area
- Sheetfed Printers by Size and Geographic Area
- Web Offset Printers — Heatset
- Web Offset Printers — Non-Heatset
- Combination Offset — Sheetfed/Web
- Book Manufacturers' Ratios
- Large Printers' Ratios
- Typographers' Ratios
- Preparatory Specialists' Ratios
- Binders' Ratios
- Quick Printers

For a more complete composite picture of your company's performance relative to the industry as a whole, several books could be used in your analysis, such as one of the overview volumes, e.g., *All Printers by Sales Volume*, and one that addresses your particular business segment or production process, e.g., *Book Manufacturers or Web Offset — Heatset*, respectively. Alternatively, such analysis is facilitated by participating in the Ratio Study each year and ordering an individual company computer printout which compares a participant's ratios to those of companies which are similar in size and sales volume, produce the same products, and use the same manufacturing process.

Please refer your questions on the PIA Ratio Study to your nearest local PIA affiliated association or to me at the address above.

William A. Rose, II
Director, PIA Financial Services

Dear Member of the Graphic Arts Community:

In the accompanying pages are the 1985 PIA FINANCIAL RATIOS FOR NON-HEATSET WEB OFFSET PRINTERS. This Ratio Study was developed on the basis of questionnaires volunteered by 44 firms and presents the ratios and statistics of Non-Heatset Web Offset Printers by sales volume, product, and percentage of paper supplied.

Thus users of the report can direct himself to the standards for his sales size — for example, sales from $1.5 to $5 million, sales from $5 to $10 million, etc.; product specialty — for example, Commercial and Advertising, Magazine and Periodical, etc.; and percentage of pape supplied — for example, 0% to 11%, 11% to 21%, etc. Readers can compare the data from their own firm's financial statements with similar data from other firms in five areas: Operations based on Value Added and its Supporting Schedules, Operations based on Sales and its Supporting Schedules, Balance Sheet Ratios, Significant Facts, and Return on Investment.

We strongly believe in the importance of sharing this type of information among members of the graphic arts community and are proud to have played a role in these studies.

H.R. Margolis Company
Certified Public Accountants
Bala Cynwyd, Pennsylvania

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Congratulations on partaking of the web offset ratio study program. I'm sure that as you review the wealth of information contained in the book that you will find it to be a very rewarding exercise.

Eight years ago PIA formed a special section for non-heatset web offset printers. The activities of the Non-Heatset Web Unit have increased significantly.

Our publication *SNAP* (Specifications for Non-Heat Advertising printing), published in October, 1984, includes pigmentation standards for process inks, recommended ink film densities, screen rulings, stock brightness, opacity and hue standards, type, reverses and proofing standards. It is printed on three types of stock. In addition, we publish the *Non-Heatset Web Offset Directory,* which lists non-heatset web offset printers in the United States and Canada. In conjunction with the Web Offset Section, we publish the *Market Outlook For Web Offset Printers, A Waste and Spoilage Report* and a *Product Catalog,* which include both non-heatset and heatset printers.

Our Graphic Arts Awards Competition for non-heatset printers is held in conjunction with the Annual Meeting. This year's Annual Meeting will be held November 10–13, 1985, Hyatt Regency San Francisco, San Francisco, California.

Edward W. Hill, Jr.
Executive Director
Non-Heatset Web Unit

VALUE ADDED DEFINED

Value added is a technical term for sales of a company's own manufacture. It is calculated as sales less material costs and outside services.

Sales		$100.00
Less: Materials		
Paper	$ 23.00	
Other chargeable materials	5.00	
Outside services	8.00	36.00
Value Added		$ 64.00

Material costs include paper and other chargeable materials such as ink, film, plates etc., but not general supplies or the repair and maintenance of equipment. Outside services are purchases of job-related services - composition, offset preparation, printing, bindery, etc.

Value added financial management is based on a fundamental principle of accounting: Profit is achieved from sales of a company's own manufacture. Time and time again, when printing companies show high sales but low profits, the root of the problem is in the failure to pay attention to the relationship between value added and profit performance.

VALUE ADDED AND PROFITS

Since value added is sales less materials costs, it becomes a critical factor in paying your remaining expenses - expenses such as factory labor, other factory expenses, administrative expenses, selling expenses, and interest.

What is left is profit.

All sales do not contribute equally to fixed costs and profits. There are "good sales" and "better sales." Good sales are sales that require more than an average amount of materials and outside services. As a result, they have less value added with which to cover fixed costs and to produce a profit. They are called "good sales" simply because there are no "bad sales" in the printing industry.

Better sales require fewer materials and more inside sales - sales of your company's own manufacture. This type of sale generously covers overhead and pays more dollars into profits. Printing firms that follow value added financial management procedures do all work inside unless they cannot avoid sending it out.

A VALUE ADDED STATEMENT OF OPERATIONS

In keeping with the value added concept, operating statements are more meaningful when prepared on the basis of inside sales. In this type of presentation management starts its financial analysis with value added instead of the sales column. This eliminates the distortion introduced by material costs. For example, in comparing percentages based on sales of a short-run, sheet-fed company and a web offset firm, we could be faced with a significant difference in ratios because of differences in material costs. Although it would appear that the web offset operation had a lower factory labor cost because a substantial amount of its sales were materials, this might, in fact, not be the case at all. Instead, the factory labor cost could be more or less than its counterpart sheet-fed operation as it relates to the value added produced by this labor.

	COMPANY S SHEET-FED		COMPANY W WEB-FED	
		% OF SALES		% OF SALES
SALES	$1,000,000	100.00%	$1,000,000	100.00%
MATERIALS				
Paper	197,300	19.73	387,900	38.79
Other chargeable materials	42,800	4.28	35,000	3.50
Outside services	87,900	8.79	30,000	3.00
	328,000	32.80	452,900	45.29
		% OF VALUE ADDED		% OF VALUE ADDED
VALUE ADDED	672,000	100.00%	547,100	100.00%
FACTORY PAYROLL	241,800	35.98	177,500	32.44
FACTORY EXPENSES	121,800	18.13	101,300	18.52
	363,600	54.11	278,800	50.96
GROSS PROFIT	308,400	45.89	268,300	49.04
SELLING AND ADMINISTRATIVE EXPENSES	187,500	27.90	141,700	25.90
INCOME BEFORE INTEREST EXPENSE	120,900	17.99	126,600	23.14
Interest expense	18,300	2.72	7,900	1.44
OPERATING INCOME	102,600	15.27	118,700	21.70
Other income	10,200	1.52	16,200	2.96
INCOME BEFORE INCOME TAXES	$ 112,800	16.79%	$ 134,900	24.66%

The point is that every company's product mix is different, and by using statements of operations based on value added, this product mix difference is eliminated. Consequently, value added is a better statement with which to evaluate your operations.

REPORT ON OPERATIONS - VALUE ADDED = 100%

	ALL FIRMS REPORTING		SALES TO $1.5 MILLION**
	ALL FIRMS	PROFIT LEADERS*	ALL FIRMS
SALES OR VALUE OF PRODUCT PRODUCED	X	X	X
LESS: PAPER, OTHER CHARGEABLE MATERIALS AND OUTSIDE SERVICES	X	X	X
VALUE ADDED BY MANUFACTURE	100.00%	100.00%	100.00%
FACTORY PAYROLL	40.29	33.84	47.47
FACTORY EXPENSES	21.31	21.11	16.17
TOTAL FACTORY COST OF PRODUCT	61.60	54.95	63.64
GROSS PROFIT	38.40	45.05	36.36
ADMINISTRATIVE AND SELLING EXPENSES			
Administrative expenses	15.04	14.04	24.25
Selling expenses	11.56	8.41	13.71
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	26.60	22.45	37.96
INCOME (LOSS) BEFORE INTEREST EXPENSE	11.80	22.60	(1.60)
Interest expense	2.83	2.64	1.29
OPERATING INCOME (LOSS)	8.97	19.96	(2.89)
Other income	1.79	2.65	0.05
INCOME (LOSS) BEFORE INCOME TAXES	10.76	22.61	(2.84)

* See page 10 for the definition of "Profit Leaders."
** Sample insufficient for Profit Leaders.

SALES FROM $1.5 TO $5 MILLION		SALES FROM $5 TO $10 MILLION		SALES FROM $10 TO $20 MILLION		SALES OVER $20 MILLION	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
X	X	X	X	X	X	X	X
X	X	X	X	X	X	X	X
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
36.81	30.22	42.04	33.57	39.06	34.74	40.87	39.25
24.93	22.63	21.39	24.08	18.80	18.16	20.08	18.55
61.74	52.85	63.43	57.65	57.86	52.90	60.95	57.80
38.26	47.15	36.57	42.35	42.14	47.10	39.05	42.20
16.37	17.46	13.72	12.15	12.57	11.56	12.15	12.71
8.42	4.12	11.98	11.55	15.57	12.86	10.68	7.97
24.79	21.58	25.70	23.70	28.14	24.42	22.83	20.68
13.47	25.57	10.87	18.65	14.00	22.68	16.22	21.52
2.79	1.99	2.57	0.89	3.20	2.99	4.03	5.09
10.68	23.58	8.30	17.76	10.80	19.69	12.19	16.43
2.01	3.96	2.47	1.81	0.63	0.43	2.52	3.48
12.69	27.54	10.77	19.57	11.43	20.12	14.71	19.91

CHAPTER 1 - BY SIZE OF FIRM

SUPPORTING SCHEDULES - VALUE ADDED = 100%

	ALL FIRMS REPORTING		SALES TO $1.5 MILLION**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
FACTORY PAYROLL			
Salaries - executive	3.09%	2.44%	3.95%
Direct wages	27.05	22.93	38.31
General factory salaries and wages	2.27	1.87	0.59
Packing, shipping and delivery wages	1.77	1.04	1.24
Payroll taxes	2.46	2.17	2.70
Employee benefits	3.65	3.39	0.68
TOTAL FACTORY PAYROLL	40.29	33.84	47.47
FACTORY EXPENSES			
Fixed Expenses			
Depreciation - real estate	0.30	0.23	0.00
Depreciation - other	4.80	4.48	7.14
Taxes - real estate	0.41	0.37	0.07
Taxes - other	0.31	0.31	0.08
Insurance	0.57	0.63	0.62
Building rent	1.88	1.69	2.88
Utilities - heat, light, etc.	2.00	1.97	1.51
Equipment rental	1.48	1.22	0.01
Total Fixed Expenses	11.75	10.90	12.31
Other Expenses			
Factory supplies and expense	3.36	4.03	1.09
Packing, shipping and delivery expense	2.74	2.33	0.83
Repairs and maintenance	2.25	2.21	1.25
Other factory expenses	1.21	1.64	0.69
Total Other Expenses	9.56	10.21	3.86
TOTAL FACTORY EXPENSES	21.31	21.11	16.17
ADMINISTRATIVE EXPENSES			
Salaries - executive	4.53	5.08	9.20
Salaries - office	3.60	2.82	7.84
Payroll taxes	0.48	0.46	0.86
Employee benefits	0.68	0.73	0.46
Bad debts	0.78	0.56	0.76
Office supplies and expenses	0.86	0.49	1.13
Professional fees	0.87	0.94	1.39
Taxes - business	0.27	0.12	0.60
Telephone	0.69	0.66	0.73
Other administrative expenses	2.28	2.18	1.28
TOTAL ADMINISTRATIVE EXPENSES	15.04	14.04	24.25
SELLING EXPENSES			
Salaries - executive	1.76	1.16	1.33
Salaries and commissions - salesmen	5.11	4.06	6.75
Salaries - sales office clerical	0.86	0.52	0.00
Payroll taxes	0.37	0.25	0.45
Employee benefits	0.52	0.40	0.16
Advertising	0.44	0.35	0.92
Travel and entertainment	1.00	0.59	1.20
Other selling expenses	1.50	1.08	2.90
TOTAL SELLING EXPENSES	11.56	8.41	13.71

** Sample insufficient for Profit Leaders.

SALES FROM $1.5 TO $5 MILLION		SALES FROM $5 TO $10 MILLION		SALES FROM $10 TO $20 MILLION		SALES OVER $20 MILLION	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
3.27%	1.72%	2.84%	2.69%	3.37%	4.46%	2.28%	1.36%
23.98	21.90	28.02	20.64	24.98	22.42	26.92	27.47
1.33	0.27	2.80	2.71	3.08	1.73	3.16	3.83
2.37	0.64	1.99	1.69	1.41	1.09	0.83	1.01
2.83	2.62	1.96	1.67	2.83	2.25	2.09	1.82
3.03	3.07	4.43	4.17	3.39	2.79	5.59	3.76
36.81	30.22	42.04	33.57	39.06	34.74	40.87	39.25
0.12	0.00	0.32	0.22	0.61	0.28	0.42	0.55
5.29	4.82	4.42	4.68	3.64	3.35	4.54	4.87
0.21	0.15	0.77	0.85	0.38	0.21	0.32	0.41
0.43	0.24	0.28	0.21	0.35	0.51	0.20	0.35
0.57	0.71	0.66	0.53	0.64	0.96	0.27	0.24
2.74	2.66	1.67	1.46	1.32	1.58	0.57	0.41
1.88	1.61	2.08	2.96	2.28	1.96	2.03	1.59
1.69	2.82	2.88	0.03	0.52	0.61	0.24	0.36
12.93	13.01	13.08	10.94	9.74	9.46	8.59	8.78
3.21	3.36	2.73	4.97	3.86	3.50	5.92	4.77
5.10	1.95	1.98	3.28	1.56	1.55	2.13	2.79
2.38	2.30	2.57	2.70	2.21	2.35	2.02	1.41
1.31	2.01	1.03	2.19	1.43	1.30	1.42	0.80
12.00	9.62	8.31	13.14	9.06	8.70	11.49	9.77
24.93	22.63	21.39	24.08	18.80	18.16	20.08	18.55
6.04	8.59	3.06	2.54	3.76	3.81	2.34	3.07
3.45	2.67	3.72	3.46	2.40	2.50	2.43	2.74
0.68	0.67	0.38	0.33	0.28	0.38	0.28	0.30
0.50	0.55	0.93	1.12	0.51	0.45	0.87	0.92
0.86	0.33	0.77	0.98	0.86	0.24	0.50	0.86
0.70	0.44	0.56	0.43	1.82	0.49	0.43	0.63
1.25	1.49	0.69	0.58	0.59	0.70	0.48	0.61
0.25	0.12	0.21	0.01	0.23	0.09	0.28	0.26
0.89	0.61	0.63	0.79	0.51	0.48	0.59	0.78
1.75	1.99	2.77	1.91	1.61	2.42	3.95	2.54
16.37	17.46	13.72	12.15	12.57	11.56	12.15	12.71
1.96	0.99	0.94	0.27	3.36	3.06	1.26	0.40
3.63	1.28	6.33	7.77	5.36	5.34	4.21	3.74
0.19	0.21	0.94	0.62	2.35	0.99	0.72	0.46
0.32	0.20	0.32	0.36	0.50	0.29	0.36	0.20
0.41	0.10	0.64	0.74	0.63	0.66	0.59	0.30
0.43	0.09	0.46	0.95	0.38	0.31	0.21	0.21
0.80	0.39	1.10	0.26	1.18	1.21	0.85	0.63
0.68	0.86	1.25	0.58	1.81	1.00	2.48	2.03
8.42	4.12	11.98	11.55	15.57	12.86	10.68	7.97

CHAPTER 1 - BY SIZE OF FIRM

REPORT ON OPERATIONS - SALES = 100%

	ALL FIRMS REPORTING		SALES TO $1.5 MILLION**
	ALL FIRMS	PROFIT LEADERS*	ALL FIRMS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT			
MATERIALS			
Paper	33.97	36.64	21.79
Other chargeable materials	5.34	3.97	5.05
Outside services	4.21	4.80	4.73
TOTAL MATERIALS	43.52	45.41	31.57
FACTORY PAYROLL	22.69	18.42	32.03
FACTORY EXPENSES	11.75	11.35	10.72
TOTAL FACTORY COST OF PRODUCT	77.96	75.18	74.32
GROSS PROFIT	22.04	24.82	25.68
ADMINISTRATIVE AND SELLING EXPENSES			
Administrative expenses	8.84	7.76	17.05
Selling expenses	6.90	5.19	9.15
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	15.74	12.95	26.20
INCOME (LOSS) BEFORE INTEREST EXPENSE	6.30	11.87	(0.52)
Interest expense	1.51	1.33	0.88
OPERATING INCOME (LOSS)	4.79	10.54	(1.40)
Other income	0.89	1.37	0.03
INCOME (LOSS) BEFORE INCOME TAXES	5.68	11.91	(1.37)

SUPPORTING SCHEDULES - SALES = 100%

OTHER CHARGEABLE MATERIALS			
Ink	1.94%	2.15%	1.20%
Film	0.56	0.37	0.82
Plates	0.80	0.51	1.17
Other chargeable materials	2.04	0.94	1.86
TOTAL OTHER CHARGEABLE MATERIALS	5.34	3.97	5.05
OUTSIDE SERVICES			
Composition	0.49	0.17	0.29
Offset preparation	0.17	0.03	0.00
Printing	1.00	0.77	2.29
Binding	0.68	0.57	0.54
Other outside services	1.87	3.26	1.61
TOTAL OUTSIDE SERVICES	4.21	4.80	4.73

* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.
** Sample insufficient for Profit Leaders.

SALES FROM $1.5 TO $5 MILLION		SALES FROM $5 TO $10 MILLION		SALES FROM $10 TO $20 MILLION		SALES OVER $20 MILLION	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
36.42	39.88	35.47	41.86	31.18	28.02	37.27	34.61
5.16	5.18	5.91	2.25	4.85	4.06	5.36	3.59
4.11	4.69	3.66	3.54	4.90	5.25	4.34	5.82
45.69	49.75	45.04	47.65	40.93	37.33	46.97	44.02
19.93	14.95	22.65	17.40	22.78	21.89	22.46	21.78
13.44	11.27	11.23	12.41	11.03	11.56	10.82	10.20
79.06	75.97	78.92	77.46	74.74	70.78	80.25	76.00
20.94	24.03	21.08	22.54	25.26	29.22	19.75	24.00
9.03	9.03	7.97	6.45	7.47	7.25	6.66	7.46
5.09	2.30	7.27	6.86	9.46	8.25	5.09	5.28
14.12	11.33	15.24	13.31	16.93	15.50	11.75	12.74
6.82	12.70	5.84	9.23	8.33	13.72	8.00	11.26
1.56	1.04	1.32	0.47	1.78	1.62	1.83	2.39
5.26	11.66	4.52	8.76	6.55	12.10	6.17	8.87
1.04	2.00	1.19	1.01	0.46	0.53	1.02	1.53
6.30	13.66	5.71	9.77	7.01	12.63	7.19	10.40
1.69%	1.52%	1.72%	1.39%	1.87%	2.97%	3.88%	2.72%
0.74	0.84	0.65	0.20	0.24	0.00	0.23	0.19
0.66	0.62	0.74	0.36	0.98	0.17	0.85	0.68
2.07	2.20	2.80	0.30	1.76	0.92	0.40	0.00
5.16	5.18	5.91	2.25	4.85	4.06	5.36	3.59
1.16	0.18	0.19	0.25	0.09	0.00	0.08	0.17
0.30	0.01	0.14	0.00	0.14	0.00	0.09	0.18
0.70	0.13	0.40	0.53	0.89	1.75	2.29	1.69
0.20	0.36	0.41	0.04	1.87	0.21	1.16	2.33
1.75	4.01	2.52	2.72	1.91	3.29	0.72	1.45
4.11	4.69	3.66	3.54	4.90	5.25	4.34	5.82

SUPPORTING SCHEDULES - SALES = 100%

	ALL FIRMS REPORTING		SALES TO $1.5 MILLION**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
FACTORY PAYROLL			
Salaries - executive	1.80%	1.50%	2.54%
Direct wages	15.21	12.16	25.97
General factory salaries and wages	1.27	1.16	0.39
Packing, shipping and delivery wages	1.00	0.61	0.83
Payroll taxes	1.37	1.18	1.86
Employee benefits	2.04	1.81	0.44
TOTAL FACTORY PAYROLL	22.69	18.42	32.03
FACTORY EXPENSES			
Fixed Expenses			
Depreciation - real estate	0.16	0.13	0.00
Depreciation - other	2.64	2.35	4.68
Taxes - real estate	0.21	0.18	0.04
Taxes - other	0.17	0.17	0.05
Insurance	0.32	0.33	0.44
Building rent	1.10	0.97	1.90
Utilities - heat, light, etc.	1.10	1.04	1.07
Equipment rental	0.73	0.61	0.00
Total Fixed Expenses	6.43	5.78	8.18
Other Expenses			
Factory supplies and expense	1.86	2.13	0.73
Packing, shipping and delivery expense	1.58	1.30	0.54
Repairs and maintenance	1.21	1.24	0.84
Other factory expenses	0.67	0.90	0.43
Total Other Expenses	5.32	5.57	2.54
TOTAL FACTORY EXPENSES	11.75	11.35	10.72
ADMINISTRATIVE EXPENSES			
Salaries - executive	2.66	2.71	6.71
Salaries - office	2.14	1.50	5.48
Payroll taxes	0.28	0.25	0.62
Employee benefits	0.38	0.40	0.28
Bad debts	0.43	0.33	0.50
Office supplies and expenses	0.52	0.29	0.82
Professional fees	0.50	0.52	0.90
Taxes - business	0.16	0.08	0.45
Telephone	0.40	0.38	0.49
Other administrative expenses	1.37	1.30	0.80
TOTAL ADMINISTRATIVE EXPENSES	8.84	7.76	17.05
SELLING EXPENSES			
Salaries - executive	1.03	0.72	0.94
Salaries and commissions - salesmen	3.11	2.51	4.50
Salaries - sales office clerical	0.50	0.33	0.00
Payroll taxes	0.22	0.15	0.29
Employee benefits	0.31	0.25	0.10
Advertising	0.27	0.21	0.59
Travel and entertainment	0.57	0.35	0.90
Other selling expenses	0.89	0.67	1.83
TOTAL SELLING EXPENSES	6.90	5.19	9.15

** Sample insufficient for Profit Leaders.

SALES FROM $1.5 TO $5 MILLION		SALES FROM $5 TO $10 MILLION		SALES FROM $10 TO $20 MILLION		SALES OVER $20 MILLION	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
1.91%	0.99%	1.51%	1.46%	2.10%	2.90%	1.31%	0.97%
12.74	10.65	15.19	10.60	14.35	13.76	14.60	14.64
0.76	0.16	1.46	1.53	1.84	1.22	1.78	2.40
1.42	0.39	1.02	0.84	0.79	0.71	0.44	0.66
1.49	1.28	1.06	0.88	1.61	1.37	1.14	1.13
1.61	1.48	2.41	2.09	2.09	1.93	3.19	1.98
19.93	14.95	22.65	17.40	22.78	21.89	22.46	21.78
0.07	0.00	0.17	0.11	0.35	0.17	0.22	0.30
2.83	2.47	2.33	2.28	2.10	2.11	2.22	2.43
0.11	0.07	0.41	0.44	0.22	0.11	0.13	0.19
0.24	0.13	0.16	0.14	0.20	0.30	0.09	0.15
0.30	0.35	0.34	0.25	0.38	0.58	0.15	0.16
1.51	1.37	1.00	0.94	0.78	1.01	0.30	0.30
1.03	0.82	1.07	1.44	1.37	1.27	0.98	0.78
0.82	1.29	1.37	0.02	0.35	0.45	0.14	0.22
6.91	6.50	6.85	5.62	5.75	6.00	4.23	4.53
1.67	1.56	1.43	2.45	2.30	2.43	3.35	2.45
2.87	0.91	1.12	1.78	0.85	0.80	1.43	1.97
1.28	1.22	1.27	1.35	1.34	1.63	1.00	0.76
0.71	1.08	0.56	1.21	0.79	0.70	0.81	0.49
6.53	4.77	4.38	6.79	5.28	5.56	6.59	5.67
13.44	11.27	11.23	12.41	11.03	11.56	10.82	10.20
3.28	4.43	1.76	1.35	2.19	2.24	1.23	1.70
1.93	1.33	2.24	1.76	1.37	1.50	1.18	1.54
0.36	0.35	0.21	0.17	0.18	0.25	0.14	0.17
0.27	0.29	0.52	0.57	0.31	0.30	0.44	0.52
0.44	0.17	0.41	0.48	0.46	0.15	0.33	0.61
0.41	0.24	0.32	0.23	1.09	0.31	0.26	0.40
0.69	0.76	0.38	0.29	0.36	0.46	0.28	0.40
0.14	0.07	0.11	0.01	0.15	0.07	0.15	0.18
0.50	0.31	0.34	0.41	0.31	0.31	0.35	0.52
1.01	1.08	1.68	1.18	1.05	1.66	2.30	1.42
9.03	9.03	7.97	6.45	7.47	7.25	6.66	7.46
1.14	0.60	0.56	0.18	2.08	1.93	0.50	0.23
2.29	0.65	3.94	4.67	3.23	3.54	2.05	2.48
0.11	0.13	0.52	0.40	1.42	0.64	0.38	0.27
0.18	0.11	0.19	0.20	0.30	0.17	0.16	0.14
0.25	0.06	0.37	0.40	0.41	0.47	0.29	0.19
0.24	0.05	0.29	0.57	0.23	0.19	0.10	0.13
0.47	0.20	0.57	0.13	0.70	0.75	0.43	0.44
0.41	0.50	0.83	0.31	1.09	0.56	1.18	1.40
5.09	2.30	7.27	6.86	9.46	8.25	5.09	5.28

CHAPTER 1 - BY SIZE OF FIRM

BALANCE SHEET

	ALL FIRMS REPORTING		SALES TO $1.5 MILLION**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
ASSETS			
CURRENT ASSETS			
Cash	7.03%	11.79%	1.36%
Receivables	29.09	28.04	24.80
Inventories	14.60	10.40	8.97
Other current assets	3.43	3.07	4.66
TOTAL CURRENT ASSETS	54.15	53.30	39.79
FIXED ASSETS			
Real estate	9.30	8.85	7.99
Less: Accumulated depreciation	1.91	2.14	0.28
	7.39	6.71	7.71
Machinery and equipment	55.84	52.01	57.50
Less: Accumulated depreciation	27.37	21.29	22.28
	28.47	30.72	35.22
Other fixed assets	4.84	3.37	3.69
Less: Accumulated depreciation	2.39	1.58	2.09
	2.45	1.79	1.60
NET FIXED ASSETS	38.31	39.22	44.53
OTHER ASSETS	7.54	7.48	15.68
TOTAL ASSETS	100.00	100.00	100.00
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Notes payable	9.01	4.17	14.15
Accounts payable	13.57	14.90	10.10
Other current liabilities	10.62	13.35	7.68
TOTAL CURRENT LIABILITIES	33.20	32.42	31.93
LONG-TERM LIABILITIES	26.43	26.61	8.08
TOTAL LIABILITIES	59.63	59.03	40.01
SHAREHOLDERS' AND PROPRIETORS' EQUITY	40.37	40.97	59.99
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.63	1.64	1.25
QUICK RATIO	1.19	1.32	0.97
TOTAL LIABILITIES TO EQUITY	1.48	1.44	0.67
LONG-TERM LIABILITIES TO EQUITY	0.65	0.65	0.13
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.49	0.41	0.39

** Sample insufficient for Profit Leaders.

SALES FROM $1.5 TO $5 MILLION		SALES FROM $5 TO $10 MILLION		SALES FROM $10 TO $20 MILLION		SALES OVER $20 MILLION	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
11.72%	20.32%	4.72%	9.98%	6.06%	9.98%	6.94%	1.22%
29.78	30.60	29.55	24.09	31.98	27.35	25.66	28.41
11.23	10.62	16.34	13.28	16.86	6.44	18.88	11.10
3.83	0.67	2.55	0.62	5.45	12.07	0.94	0.49
56.56	62.21	53.16	47.97	60.35	55.84	52.42	41.22
5.53	0.00	12.12	16.98	7.08	7.74	15.19	16.56
0.85	0.00	3.34	6.10	2.07	2.30	2.01	1.59
4.68	0.00	8.78	10.88	5.01	5.44	13.18	14.97
67.82	64.28	50.35	50.89	53.32	40.14	44.01	44.53
34.58	28.96	23.64	21.47	28.97	17.16	21.07	12.42
33.24	35.32	26.71	29.42	24.35	22.98	22.94	32.11
5.41	3.78	4.38	4.43	6.89	2.37	2.65	2.63
2.66	1.96	1.93	1.34	3.88	1.61	1.01	1.16
2.75	1.82	2.45	3.09	3.01	0.76	1.64	1.47
40.67	37.14	37.94	43.39	32.37	29.18	37.76	48.55
2.77	0.65	8.90	8.64	7.28	14.98	9.82	10.23
100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
6.98	4.44	10.89	7.13	9.75	2.26	4.88	2.66
18.59	28.05	11.99	7.33	11.99	7.03	10.57	8.43
7.86	8.44	10.59	15.29	13.07	18.63	15.37	14.30
33.43	40.93	33.47	29.75	34.81	27.92	30.82	25.39
33.30	21.97	21.78	13.93	32.12	34.02	26.28	39.63
66.73	62.90	55.25	43.68	66.93	61.94	57.10	65.02
33.27	37.10	44.75	56.32	33.07	38.06	42.90	34.98
100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
1.69	1.52	1.59	1.61	1.73	2.00	1.70	1.62
1.36	1.26	1.10	1.17	1.25	1.77	1.09	1.19
2.01	1.70	1.23	0.78	2.02	1.63	1.33	1.86
1.00	0.59	0.49	0.25	0.97	0.89	0.61	1.13
0.51	0.45	0.47	0.42	0.54	0.43	0.48	0.28

SIGNIFICANT FACTS

	ALL FIRMS REPORTING		SALES TO $1.5 MILLION**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
INVESTMENT			
Average assets per employee - All employees	$ 48,651	$ 71,006	$ 23,435
Average assets per factory employee (Excluding Executives)	66,595	94,379	37,151
Average net worth per employee - All employees	18,620	25,412	13,443
Average gross plant investment per factory employee (Excluding Executives)	46,860	64,176	27,373
Net worth percentage of fixed assets	152.15%	124.35%	389.90%
EMPLOYEES			
Percent factory - All employees	77.37%	79.81%	67.24%
Percent administrative - All employees	12.55	12.46	22.84
Percent sales - All employees	10.08	7.73	9.92
SALES - VALUE OF PRODUCT PRODUCED INCLUDING EXECUTIVES			
Sales per employee - All employees	$ 85,233	$ 107,968	$ 41,437
Sales per factory employee	110,698	136,459	60,950
Sales less material per factory employee	59,840	72,797	40,699
Sales per administrative employee	944,337	1,000,068	214,475
EXCLUDING EXECUTIVES			
Sales per employee - All employees	93,810	118,155	47,989
Sales per factory employee	117,218	142,734	65,783
Sales less material per factory employee	63,511	76,587	43,847
SALES PER SALESMAN	908,116	1,162,118	208,881
SALES TO CURRENT ASSETS	405%	394%	559%
PAYROLL - INCLUDING TAXES AND BENEFITS INCLUDING EXECUTIVES			
Total payroll percentage of sales	33.31%	27.26%	50.95%
Factory payroll percentage of gross plant investment	74.85	59.52	108.97
Payroll per employee - All employees	$ 25,785	$ 27,683	$ 20,024
Payroll per factory employee	22,905	23,296	19,405
Payroll per administrative employee	34,562	43,558	19,820
Payroll per sales employee	34,421	36,174	11,940
PAYROLL - EXCLUDING TAXES AND BENEFITS EXCLUDING EXECUTIVES			
Payroll per employee - All employees	$ 19,574	$ 19,983	$ 17,304
Payroll per factory employee	18,542	18,432	17,559
Payroll per administrative employee	17,164	19,738	14,429
Payroll per sales employee	27,435	28,597	10,714
EXECUTIVE PAYROLL			
Payroll per executive - All executives	50,207	66,103	27,242
Payroll per factory executive	32,601	34,955	22,155
Payroll per administrative executive	71,791	85,851	25,531
Payroll per sales executive	42,604	52,758	7,982
RECEIVABLES			
Collection period	57.4	58.1	46.9
PROFIT			
Gross profit percentage of sales	22.04%	24.82%	25.68%
Average gross profit per factory employee	$ 25,949	$ 36,367	$ 15,530
Income (loss) before taxes percentage of sales	5.68%	11.91%	(1.37)%
Average income (loss) before taxes per employee	$ 5,969	$ 13,358	$ (651)

** Sample insufficient for Profit Leaders.

SALES FROM $1.5 TO $5 MILLION		SALES FROM $5 TO $10 MILLION		SALES FROM $10 TO $20 MILLION		SALES OVER $20 MILLION	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
$ 36,895	$ 43,719	$ 41,767	$ 54,043	$ 52,089	$ 71,170	$ 101,263	$ 133,283
51,266	56,960	57,338	80,819	71,238	95,055	133,307	169,628
12,315	15,637	20,144	31,760	17,637	28,088	33,738	32,681
40,479	41,818	38,918	56,735	44,963	47,170	93,418	125,887
96.77%	117.64%	127.36%	144.43%	122.69%	150.23%	206.61%	89.57%
77.25%	81.14%	78.12%	72.63%	78.63%	81.60%	81.14%	82.98%
14.51	15.28	11.68	13.45	8.18	8.92	9.12	10.30
8.24	3.58	10.20	13.92	13.19	9.48	9.74	6.72
$ 84,830	$116,863	$ 77,757	$ 94,732	$ 95,691	$ 102,495	$ 117,559	$ 111,854
109,078	143,896	99,973	130,018	123,762	129,629	153,189	137,335
57,869	72,367	53,525	67,823	72,873	78,641	73,179	72,641
614,726	827,647	739,348	720,614	1,256,212	1,313,961	2,173,377	1,252,997
95,780	130,109	83,907	103,421	105,171	113,185	126,402	117,933
114,978	148,611	105,767	139,609	131,810	137,907	161,713	140,891
61,316	75,080	56,634	73,141	77,881	83,906	77,113	75,225
407,115	125,500	971,236	822,450	1,215,514	1,899,608	1,281,930	913,861
426%	435%	386%	433%	378%	333%	335%	348%
29.72%	22.89%	32.95%	27.11%	34.27%	32.94%	28.82%	29.02%
64.33	69.20	80.63	46.11	74.39	58.00	62.97	58.31
$ 22,851	$ 25,655	$ 24,145	$ 24,464	$ 32,166	$ 32,185	$ 31,031	$ 29,780
19,922	20,549	21,906	22,519	27,033	25,220	28,358	26,727
35,512	51,513	28,372	27,134	47,398	51,672	38,629	38,609
19,991	14,693	40,076	33,465	53,460	68,229	43,033	42,628
$ 16,318	$ 16,359	$ 19,256	$ 19,616	$ 23,688	$ 23,144	$ 23,343	$ 23,229
15,849	15,738	17,997	18,097	21,553	19,662	22,195	22,024
16,263	19,181	15,364	16,572	20,466	23,420	20,435	20,150
15,117	11,398	34,585	28,598	38,304	49,066	35,285	36,795
51,245	84,305	41,854	30,023	69,564	74,729	55,559	63,221
24,756	25,580	32,036	26,716	45,764	50,673	40,238	43,097
63,127	92,375	52,328	32,608	137,021	132,450	76,599	81,621
16,097	9,189	36,032	32,380	113,003	134,891	43,492	63,616
49.3	41.9	64.2	53.3	61.3	72.0	62.3	76.1
20.94%	24.03%	21.08%	22.54%	25.26%	29.22%	19.75%	24.00%
$ 25,031	$ 37,382	$ 21,694	$ 31,495	$ 34,890	$ 42,300	$ 32,184	$ 33,615
6.30%	13.66%	5.71%	9.77%	7.01%	12.63%	7.19%	10.40%
$ 7,231	$ 16,828	$ 4,791	$ 9,361	$ 7,036	$ 12,971	$ 8,776	$ 11,957

RETURN ON INVESTMENT - PER $100 OF SALES

	ALL FIRMS REPORTING		SALES TO $1.5 MILLION**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
INVESTMENT			
Current Assets:			
Cash	$ 3.66	$ 6.25	$ 0.29
Receivables	15.17	15.35	12.42
Inventories	7.59	5.94	4.69
Marketable securities	0.94	2.07	0.00
Other current assets	1.10	0.56	1.64
	28.46	30.17	19.04
Plant Investment:			
Land and building	5.55	6.67	3.59
Machinery and equipment	30.74	33.25	32.99
Other fixed assets	2.50	2.05	2.54
	38.79	41.97	39.12
Non-Current Assets	4.68	5.97	9.47
TOTAL INVESTMENT	71.93	78.11	67.63
INVESTMENT TURNOVER PER $100 OF SALES	139.02%	128.02%	147.86%
EARNINGS			
Cost of Product	$77.96	$75.18	$74.32
Selling Expenses	6.90	5.19	9.15
Administrative Expenses	8.84	7.76	17.05
	93.70	88.13	100.52
Income (Loss) Before Interest, Other Income and Taxes	6.30	11.87	(0.52)
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME (LOSS)	8.76%	15.20%	(0.77)%

** Sample insufficient for Profit Leaders.

SALES FROM $1.5 TO $5 MILLION		SALES FROM $5 TO $10 MILLION		SALES FROM $10 TO $20 MILLION		SALES OVER $20 MILLION	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
$ 4.81	$ 8.35	$ 2.57	$ 6.59	$ 4.05	$ 7.84	$ 5.25	$ 0.82
13.04	11.06	16.87	14.01	16.22	18.97	16.71	20.23
5.19	4.11	8.62	7.94	7.54	4.67	12.54	8.24
0.66	0.00	0.28	0.00	3.62	9.66	0.00	0.00
1.19	0.23	1.14	0.38	0.95	1.36	0.64	0.49
24.89	23.75	29.48	28.92	32.38	42.50	35.14	29.78
2.89	0.00	6.66	9.04	4.44	5.74	11.70	16.34
30.64	26.50	27.82	28.84	28.44	30.44	38.81	51.73
2.56	1.76	2.52	2.76	2.90	1.80	1.75	2.06
36.09	28.26	37.00	40.64	35.78	37.98	52.26	70.13
1.25	0.29	4.73	4.61	4.32	9.70	9.25	13.09
62.23	52.30	71.21	74.17	72.48	90.18	96.65	113.00
160.69%	191.20%	140.43%	134.83%	137.97%	110.89%	103.47%	88.50%
$79.06	$75.97	$78.92	$77.46	$74.74	$70.78	$80.25	$76.00
5.09	2.30	7.27	6.86	9.46	8.25	5.09	5.28
9.03	9.03	7.97	6.45	7.47	7.25	6.66	7.46
93.18	87.30	94.16	90.77	91.67	86.28	92.00	88.74
6.82	12.70	5.84	9.23	8.33	13.72	8.00	11.26
10.96%	24.28%	8.20%	12.44%	11.49%	15.21%	8.28%	9.97%

REPORT ON OPERATIONS - VALUE ADDED = 100%

	COMMERCIAL AND ADVERTISING		NEWSPAPER**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
SALES OR VALUE OF PRODUCT PRODUCED	X	X	X
LESS: PAPER, OTHER CHARGEABLE MATERIALS AND OUTSIDE SERVICES	X	X	X
VALUE ADDED BY MANUFACTURE	100.00%	100.00%	100.00%
FACTORY PAYROLL	38.00	36.75	46.29
FACTORY EXPENSES	25.62	22.97	20.83
TOTAL FACTORY COST OF PRODUCT	63.62	59.72	67.12
GROSS PROFIT	36.38	40.28	32.88
ADMINISTRATIVE AND SELLING EXPENSES			
Administrative expenses	12.00	10.80	17.55
Selling expenses	8.33	7.07	7.33
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	20.33	17.87	24.88
INCOME BEFORE INTEREST EXPENSE	16.05	22.41	8.00
Interest expense	2.99	2.53	2.38
OPERATING INCOME	13.06	19.88	5.62
Other income	2.73	2.17	0.77
INCOME BEFORE INCOME TAXES	15.79	22.05	6.39

** Sample insufficient for Profit Leaders.

BOOK**	DIRECTORY**	NO PREDOMINANT SPECIALTY	
ALL FIRMS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
X	X	X	X
X	X	X	X
100.00%	100.00%	100.00%	100.00%
41.02	42.33	39.73	31.05
17.52	19.11	19.66	19.94
58.54	61.44	59.39	50.99
41.46	38.56	40.61	49.01
17.56	14.38	15.30	17.13
11.31	5.55	15.71	12.14
28.87	19.93	31.01	29.27
12.59	18.63	9.60	19.74
4.94	5.90	2.39	1.85
7.65	12.73	7.21	17.89
2.14	2.66	1.58	3.00
9.79	15.39	8.79	20.89

SUPPORTING SCHEDULES - VALUE ADDED = 100%

	COMMERCIAL AND ADVERTISING		NEWSPAPER**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
FACTORY PAYROLL			
Salaries - executive	2.71%	2.50%	1.82%
Direct wages	26.38	26.77	33.81
General factory salaries and wages	1.94	1.47	1.00
Packing, shipping and delivery wages	2.03	0.81	2.01
Payroll taxes	2.31	2.10	2.78
Employee benefits	2.63	3.10	4.87
TOTAL FACTORY PAYROLL	38.00	36.75	46.29
FACTORY EXPENSES			
Fixed Expenses			
Depreciation - real estate	0.18	0.19	0.41
Depreciation - other	4.56	4.22	6.94
Taxes - real estate	0.31	0.36	0.35
Taxes - other	0.31	0.27	0.11
Insurance	0.84	0.70	0.69
Building rent	1.62	1.55	1.06
Utilities - heat, light, etc.	2.07	1.94	1.64
Equipment rental	3.73	2.06	0.82
Total Fixed Expenses	13.62	11.29	12.02
Other Expenses			
Factory supplies and expense	3.87	5.28	2.16
Packing, shipping and delivery expense	3.93	2.58	3.31
Repairs and maintenance	2.83	2.21	2.81
Other factory expenses	1.37	1.61	0.53
Total Other Expenses	12.00	11.68	8.81
TOTAL FACTORY EXPENSES	25.62	22.97	20.83
ADMINISTRATIVE EXPENSES			
Salaries - executive	3.58	3.54	6.79
Salaries - office	3.05	2.60	4.96
Payroll taxes	0.50	0.38	0.53
Employee benefits	0.44	0.47	0.47
Bad debts	0.92	0.54	0.91
Office supplies and expenses	0.52	0.34	0.78
Professional fees	0.77	0.65	1.19
Taxes - business	0.14	0.09	0.31
Telephone	0.59	0.44	0.69
Other administrative expenses	1.49	1.75	0.92
TOTAL ADMINISTRATIVE EXPENSES	12.00	10.80	17.55
SELLING EXPENSES			
Salaries - executive	1.57	1.39	0.58
Salaries and commissions - salesmen	4.02	3.22	3.89
Salaries - sales office clerical	0.31	0.43	0.04
Payroll taxes	0.25	0.18	0.13
Employee benefits	0.27	0.35	0.37
Advertising	0.32	0.18	0.42
Travel and entertainment	1.22	0.68	1.14
Other selling expenses	0.37	0.64	0.76
TOTAL SELLING EXPENSES	8.33	7.07	7.33

** Sample insufficient for Profit Leaders.

BOOK**	DIRECTORY**	NO PREDOMINANT SPECIALTY	
ALL FIRMS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
0.77%	3.41%	4.41%	3.29%
28.10	27.10	25.26	19.13
5.10	2.77	2.39	1.85
2.08	2.08	1.41	1.47
2.17	3.18	2.27	2.11
2.80	3.79	3.99	3.20
41.02	42.33	39.73	31.05
0.19	0.39	0.36	0.16
4.30	5.45	4.30	4.32
0.93	0.45	0.46	0.35
0.44	1.02	0.25	0.36
0.24	0.30	0.39	0.41
2.54	0.83	2.68	2.59
1.51	2.43	2.16	2.11
0.19	0.44	0.12	0.09
10.34	11.31	10.72	10.39
3.00	4.19	3.56	2.55
1.32	1.82	1.72	1.82
1.93	1.00	1.90	2.77
0.93	0.79	1.76	2.41
7.18	7.80	8.94	9.55
17.52	19.11	19.66	19.94
2.66	3.87	4.65	6.50
2.65	3.61	3.16	2.52
0.31	0.53	0.46	0.59
1.61	0.79	0.74	1.06
1.74	0.46	0.56	0.58
0.77	0.47	1.26	0.64
1.05	1.36	0.67	1.26
0.72	0.10	0.25	0.13
0.38	0.52	0.75	0.90
5.67	2.67	2.80	2.95
17.56	14.38	15.30	17.13
1.69	1.25	2.70	1.45
4.92	2.18	6.38	6.46
1.50	0.57	1.33	0.73
0.29	0.29	0.55	0.42
0.78	0.24	0.76	0.61
0.30	0.16	0.58	0.75
1.05	0.24	0.78	0.39
0.78	0.62	2.63	1.33
11.31	5.55	15.71	12.14

REPORT ON OPERATIONS - SALES = 100%

	COMMERCIAL AND ADVERTISING		NEWSPAPER**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT			
MATERIAL			
Paper	37.42	38.09	35.16
Other chargeable materials	5.58	4.65	6.03
Outside services	6.79	5.79	2.51
TOTAL MATERIAL	49.79	48.53	43.70
FACTORY PAYROLL	18.91	18.78	25.87
FACTORY EXPENSES	12.31	11.57	11.58
TOTAL FACTORY COST OF PRODUCT	81.01	78.88	81.15
GROSS PROFIT	18.99	21.12	18.85
ADMINISTRATIVE AND SELLING EXPENSES			
Administrative expenses	6.07	5.63	10.72
Selling expenses	4.80	4.20	4.44
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	10.87	9.83	15.16
INCOME BEFORE INTEREST EXPENSE	8.12	11.29	3.69
Interest expense	1.48	1.25	1.27
OPERATING INCOME	6.64	10.04	2.42
Other income	1.23	1.13	0.44
INCOME BEFORE INCOME TAXES	7.87	11.17	2.86

SUPPORTING SCHEDULES - SALES = 100%

OTHER CHARGEABLE MATERIALS			
Ink	3.00%	3.22%	2.93%
Film	0.59	0.47	0.76
Plates	0.80	0.63	0.70
Other chargeable materials	1.19	0.33	1.64
TOTAL OTHER CHARGEABLE MATERIALS	5.58	4.65	6.03
OUTSIDE SERVICES			
Composition	1.30	0.04	0.19
Offset preparation	0.03	0.05	0.39
Printing	0.66	0.82	1.31
Binding	0.44	0.58	0.56
Other outside services	4.36	4.30	0.06
TOTAL OUTSIDE SERVICES	6.79	5.79	2.51

** Sample insufficient for Profit Leaders.

BOOK**	DIRECTORY**	NO PREDOMINANT SPECIALTY	
ALL FIRMS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
100.00%	100.00%	100.00%	100.00%
37.45	42.08	32.39	33.89
4.70	2.90	5.52	4.09
3.69	3.66	3.45	2.77
45.84	48.64	41.36	40.75
22.06	22.15	23.60	18.17
9.40	9.79	11.59	11.94
77.30	80.58	76.55	70.86
22.70	19.42	23.45	29.14
9.70	7.45	9.03	10.15
6.12	2.90	8.89	7.33
15.82	10.35	17.92	17.48
6.88	9.07	5.53	11.66
2.70	2.88	1.35	1.06
4.18	6.19	4.18	10.60
1.15	0.99	0.85	1.75
5.33	7.18	5.03	12.35
1.20%	1.05%	0.46%	0.46%
0.89	0.51	0.24	0.54
0.76	0.99	0.68	0.17
1.85	0.35	4.14	2.92
4.70	2.90	5.52	4.09
0.33	0.65	0.07	0.15
0.16	0.99	0.08	0.00
0.12	0.86	1.25	0.17
1.17	1.16	0.90	0.33
1.91	0.00	1.15	2.12
3.69	3.66	3.45	2.77

SUPPORTING SCHEDULES - SALES = 100%

	COMMERCIAL AND ADVERTISING		NEWSPAPER**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
FACTORY PAYROLL			
Salaries - executive	1.48%	1.50%	1.05%
Direct wages	13.05	13.27	19.03
General factory salaries and wages	0.95	0.84	0.50
Packing, shipping and delivery wages	0.97	0.45	1.20
Payroll taxes	1.12	1.07	1.52
Employee benefits	1.34	1.65	2.57
TOTAL FACTORY PAYROLL	18.91	18.78	25.87
FACTORY EXPENSES			
Fixed Expenses			
Depreciation - real estate	0.09	0.10	0.20
Depreciation - other	2.26	2.12	3.91
Taxes - real estate	0.13	0.16	0.19
Taxes - other	0.15	0.15	0.05
Insurance	0.41	0.37	0.39
Building rent	0.87	0.82	0.60
Utilities - heat, light, etc.	1.03	1.00	0.87
Equipment rental	1.56	1.02	0.41
Total Fixed Expenses	6.50	5.74	6.62
Other Expenses			
Factory supplies and expense	1.90	2.63	1.06
Packing, shipping and delivery expense	1.88	1.20	2.16
Repairs and maintenance	1.38	1.23	1.45
Other factory expenses	0.65	0.77	0.29
Total Other Expenses	5.81	5.83	4.96
TOTAL FACTORY EXPENSES	12.31	11.57	11.58
ADMINISTRATIVE EXPENSES			
Salaries - executive	1.78	1.80	4.18
Salaries - office	1.53	1.29	3.11
Payroll taxes	0.25	0.20	0.34
Employee benefits	0.22	0.25	0.26
Bad debts	0.43	0.25	0.51
Office supplies and expenses	0.29	0.19	0.49
Professional fees	0.41	0.35	0.67
Taxes - business	0.07	0.05	0.22
Telephone	0.29	0.23	0.40
Other administrative expenses	0.80	1.02	0.54
TOTAL ADMINISTRATIVE EXPENSES	6.07	5.63	10.72
SELLING EXPENSES			
Salaries - executive	0.95	0.86	0.36
Salaries and commissions - salesmen	2.42	1.92	2.28
Salaries - sales office clerical	0.18	0.27	0.02
Payroll taxes	0.13	0.10	0.08
Employee benefits	0.17	0.23	0.24
Advertising	0.17	0.10	0.26
Travel and entertainment	0.59	0.39	0.74
Other selling expenses	0.19	0.33	0.46
TOTAL SELLING EXPENSES	4.80	4.20	4.44

** Sample insufficient for Profit Leaders.

BOOK**	DIRECTORY**	NO PREDOMINANT SPECIALTY	
ALL FIRMS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
0.39%	1.91%	2.61%	1.95%
15.14	14.17	15.06	11.19
2.74	1.41	1.40	1.14
1.16	1.20	0.81	0.87
1.20	1.66	1.32	1.22
1.43	1.80	2.40	1.80
22.06	22.15	23.60	18.17
0.10	0.18	0.21	0.08
2.28	2.70	2.50	2.56
0.47	0.21	0.26	0.21
0.22	0.53	0.15	0.22
0.12	0.16	0.23	0.24
1.37	0.50	1.58	1.61
0.81	1.22	1.26	1.23
0.11	0.24	0.07	0.05
5.48	5.74	6.26	6.20
1.62	2.16	2.16	1.54
0.76	0.95	1.03	1.10
1.04	0.51	1.10	1.62
0.50	0.43	1.04	1.48
3.92	4.05	5.33	5.74
9.40	9.79	11.59	11.94
1.46	1.96	2.77	3.83
1.43	1.91	1.83	1.53
0.17	0.28	0.27	0.35
0.90	0.36	0.41	0.59
0.97	0.26	0.32	0.33
0.43	0.25	0.76	0.38
0.56	0.74	0.40	0.73
0.41	0.05	0.14	0.08
0.20	0.26	0.43	0.51
3.17	1.38	1.70	1.82
9.70	7.45	9.03	10.15
0.92	0.74	1.52	0.89
2.71	1.13	3.68	3.93
0.77	0.26	0.76	0.46
0.16	0.15	0.31	0.25
0.41	0.12	0.42	0.34
0.17	0.08	0.33	0.45
0.57	0.12	0.42	0.23
0.41	0.30	1.45	0.78
6.12	2.90	8.89	7.33

BALANCE SHEET

	COMMERCIAL AND ADVERTISING		NEWSPAPER**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
ASSETS			
CURRENT ASSETS			
Cash	8.83%	12.20%	4.90%
Receivables	27.26	27.51	31.46
Inventories	9.15	8.81	11.62
Other current assets	5.18	5.39	5.15
TOTAL CURRENT ASSETS	50.42	53.91	53.13
FIXED ASSETS			
Real estate	9.49	10.82	14.85
Less: Accumulated depreciation	2.21	2.76	2.43
	7.28	8.06	12.42
Machinery and equipment	49.64	46.29	55.52
Less: Accumulated depreciation	17.08	15.71	30.04
	32.56	30.58	25.48
Other fixed assets	2.41	1.52	3.05
Less: Accumulated depreciation	1.02	0.84	1.20
	1.39	0.68	1.85
NET FIXED ASSETS	41.23	39.32	39.75
OTHER ASSETS	8.35	6.77	7.12
TOTAL ASSETS	100.00	100.00	100.00
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Notes payable	5.17	2.27	13.13
Accounts payable	12.60	11.10	20.79
Other current liabilities	13.57	15.26	5.91
TOTAL CURRENT LIABILITIES	31.34	28.63	39.83
LONG-TERM LIABILITIES	31.57	26.03	17.74
TOTAL LIABILITIES	62.91	54.66	57.57
SHAREHOLDERS' AND PROPRIETORS' EQUITY	37.09	45.34	42.43
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.61	1.88	1.33
QUICK RATIO	1.32	1.58	1.04
TOTAL LIABILITIES TO EQUITY	1.70	1.21	1.36
LONG-TERM LIABILITIES TO EQUITY	0.85	0.57	0.42
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.34	0.34	0.54

** Sample insufficient for Profit Leaders.

BOOK**	DIRECTORY**	NO PREDOMINANT SPECIALTY	
ALL FIRMS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
0.31%	4.83%	8.71%	15.70%
34.53	21.49	27.79	24.85
17.75	14.58	19.67	13.47
1.97	1.75	1.51	0.54
54.56	42.65	57.68	54.56
3.00	16.52	6.65	4.35
0.76	3.70	1.50	1.98
2.24	12.82	5.15	2.37
50.14	60.42	64.01	61.88
17.98	24.16	36.22	29.21
32.16	36.26	27.79	32.67
9.01	5.25	6.21	6.48
4.49	4.14	3.10	2.75
4.52	1.11	3.11	3.73
38.92	50.19	36.05	38.77
6.52	7.16	6.27	6.67
100.00	100.00	100.00	100.00
19.38	3.37	9.91	8.61
19.60	8.21	11.23	9.23
12.25	10.07	10.41	13.64
51.23	21.65	31.55	31.48
25.32	45.42	20.60	24.28
76.55	67.07	52.15	55.76
23.45	32.93	47.85	44.24
100.00	100.00	100.00	100.00
1.07	1.97	1.83	1.73
0.72	1.30	1.20	1.31
3.26	2.04	1.09	1.26
1.08	1.38	0.43	0.55
0.36	0.40	0.57	0.47

SIGNIFICANT FACTS

	COMMERCIAL AND ADVERTISING		NEWSPAPER**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
INVESTMENT			
Average assets per employee - All employees	$ 48,433	$ 56,654	$ 39,353
Average assets per factory employee (Excluding Executives)	62,187	71,487	49,501
Average net worth per employee - All employees	19,344	25,971	15,600
Average gross plant investment per factory employee (Excluding Executives)	38,415	42,344	36,381
Net worth percentage of fixed assets	122.75%	139.96%	103.89%
EMPLOYEES			
Percent factory - All employees	82.13%	84.96%	79.11%
Percent administrative - All employees	11.84	9.75	13.84
Percent sales - All employees	6.03	5.29	7.05
SALES - VALUE OF PRODUCT PRODUCED INCLUDING EXECUTIVES			
Sales per employee - All employees	$ 86,737	$ 96,945	$ 85,554
Sales per factory employee	106,329	116,430	103,293
Sales less material per factory employee	53,120	59,911	52,872
Sales per administrative employee	929,596	1,186,892	850,052
EXCLUDING EXECUTIVES			
Sales per employee - All employees	94,561	104,754	90,556
Sales per factory employee	111,066	121,534	105,285
Sales less material per factory employee	55,690	62,843	54,044
SALES PER SALESMAN	1,392,465	1,426,001	921,552
SALES TO CURRENT ASSETS	434%	396%	461%
PAYROLL - INCLUDING TAXES AND BENEFITS INCLUDING EXECUTIVES			
Total payroll percentage of sales	26.52%	25.70%	36.76%
Factory payroll percentage of gross plant investment	76.81	65.22	82.60
Payroll per employee - All employees	$ 21,750	$ 24,330	$ 25,326
Payroll per factory employee	18,932	20,503	22,943
Payroll per administrative employee	30,353	36,618	38,126
Payroll per sales employee	38,981	43,621	22,964
PAYROLL - EXCLUDING TAXES AND BENEFITS EXCLUDING EXECUTIVES			
Payroll per employee - All employees	$ 16,921	$ 18,349	$ 18,902
Payroll per factory employee	15,658	16,598	18,403
Payroll per administrative employee	15,639	18,569	19,607
Payroll per sales employee	31,370	33,223	19,861
EXECUTIVE PAYROLL			
Payroll per executive - All executives	43,267	54,054	66,544
Payroll per factory executive	28,071	33,892	30,496
Payroll per administrative executive	65,772	82,759	69,366
Payroll per sales executive	46,319	67,339	14,591
RECEIVABLES			
Collection period	56.7	60.1	57.8
PROFIT			
Gross profit percentage of sales	18.99%	21.12%	18.85%
Average gross profit per factory employee	$ 21,973	$ 27,496	$ 19,142
Income before taxes percentage of sales	7.87%	11.17%	2.86%
Average income before taxes per employee	$ 7,389	$ 10,911	$ 5,460

** Sample insufficient for Profit Leaders.

BOOK**	DIRECTORY**	NO PREDOMINANT SPECIALTY	
ALL FIRMS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
$ 42,901	$125,558	$ 41,244	$ 49,879
54,641	163,554	63,216	77,787
11,295	28,585	19,716	22,357
25,437	132,181	46,645	55,009
55.72%	74.27%	234.90%	126.34%
80.53%	80.09%	73.07%	69.73%
9.23	13.25	12.55	16.49
10.24	6.66	14.38	13.78
$ 83,406	$113,761	$ 80,355	$ 95,051
103,759	142,736	113,620	135,561
56,057	70,064	63,723	80,433
913,241	914,386	1,038,744	593,535
86,538	123,861	92,089	110,333
104,719	150,182	124,353	146,071
56,543	74,240	69,644	86,694
1,109,641	645,265	555,017	339,218
374%	411%	382%	375%
30.99%	29.04%	35.57%	30.36%
76.41	52.87	69.37	49.26
$ 25,854	$ 30,220	$ 26,995	$ 28,191
22,918	28,305	23,961	24,486
37,145	37,077	34,838	37,281
45,818	36,828	31,908	26,082
$ 20,732	$ 22,724	$ 20,050	$ 20,150
19,923	22,845	19,055	19,230
16,070	19,020	16,535	14,282
37,891	28,062	23,764	21,014
74,262	56,404	43,013	46,136
23,959	40,874	33,152	40,103
84,269	73,419	76,403	54,860
65,824	49,888	46,769	35,772
71.5	49.4	51.5	50.5
22.70%	19.42%	23.45%	29.14%
$ 23,529	$ 29,729	$ 30,063	$ 42,701
5.33%	7.18%	5.03%	12.35%
$ 4,454	$ 9,445	$ 4,749	$ 12,312

RETURN ON INVESTMENT - PER $100 OF SALES

	COMMERCIAL AND ADVERTISING		NEWSPAPER**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
INVESTMENT			
Current Assets:			
Cash	$ 4.48	$ 6.38	$ 1.29
Receivables	14.97	15.97	15.15
Inventories	4.97	5.02	5.30
Marketable securities	2.95	4.14	0.28
Other current assets	0.89	0.68	1.72
	28.26	32.19	23.74
Plant Investment:			
Land and building	5.72	6.69	7.11
Machinery and equipment	27.70	27.50	28.08
Other fixed assets	1.42	1.04	1.65
	34.84	35.23	36.84
Non-Current Assets	4.37	4.31	4.85
TOTAL INVESTMENT	67.47	71.73	65.43
INVESTMENT TURNOVER PER $100 OF SALES	148.21%	139.41%	152.84%
EARNINGS			
Cost of Product	$81.01	$78.88	$81.15
Selling Expenses	4.80	4.20	4.44
Administrative Expenses	6.07	5.63	10.72
	91.88	88.71	96.31
Income Before Interest, Other Income, and Taxes	8.12	11.29	3.69
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME	12.03%	15.74%	5.64%

** Sample insufficient for Profit Leaders.

BOOK**	DIRECTORY**	NO PREDOMINANT SPECIALTY	
ALL FIRMS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
$ 0.12	$ 2.37	$ 5.23	$ 9.26
17.38	13.32	13.79	13.37
8.45	8.25	10.35	7.34
0.00	0.00	0.00	0.00
0.89	1.05	0.81	0.31
26.84	24.99	30.18	30.28
1.93	14.25	3.97	2.30
27.27	55.12	32.49	32.17
4.09	3.10	2.86	3.63
33.29	72.47	39.32	38.10
3.19	11.14	2.93	3.55
63.32	108.60	72.43	71.93
157.93%	92.08%	138.06%	139.02%
$77.30	$80.58	$76.55	$70.86
6.12	2.90	8.89	7.33
9.70	7.45	9.03	10.15
93.12	90.93	94.47	88.34
6.88	9.07	5.53	11.66
10.87%	8.35%	7.63%	16.21%

ABSOLUTE DATA

	NUMBER OF PARTICIPATING FIRMS	AVERAGE FIRM REPORTING** TOTAL ASSETS	SALES OR VALUE OF PRODUCTION	TOTAL INCOME
TOTAL - ALL FIRMS	44	$ 6,348,000	$10,220,000	$ 674,000
TOTAL - PROFIT LEADERS*	14	9,558,000	12,021,000	1,355,000
BY SIZE OF FIRM				
ALL FIRMS				
0-$1,500,000	4	284,000	571,000	6,000
$1,500,000-$5,000,000	13	1,374,000	3,160,000	208,000
$5,000,000-$10,000,000	13	3,991,000	7,301,000	418,000
$10,000,000-$20,000,000	8	7,556,000	13,932,000	941,000
Over $20,000,000	6	24,667,000	33,327,000	2,330,000
PROFIT LEADERS				
$1,500,000-$5,000,000	5	1,364,000	3,560,000	473,000
$5,000,000-$10,000,000	3	3,721,000	6,509,000	645,000
$10,000,000-$20,000,000	3	9,723,000	12,668,000	1,642,000
Over $20,000,000	3	28,887,000	30,988,000	3,249,000
BY PRODUCT SPECIALTY				
ALL FIRMS				
Commercial and Advertising	12	5,305,000	8,600,000	810,000
Newspaper	8	3,810,000	7,787,000	388,000
Book	2	3,939,000	7,528,000	398,000
Directory	3	17,286,000	12,873,000	1,256,000
No Predominant Specialty	16	5,648,000	10,532,000	423,000
PROFIT LEADERS				
Commercial and Advertising	7	7,825,000	11,966,000	1,299,000
No Predominant Specialty	4	2,240,000	3,962,000	440,000

HOW THE NUMBERS ARE COMPUTED

The PIA Ratios are computed by the method of relative or common size. With this method each company's dollars are converted into a percentage to the total. Then these percentages are added in total and within a given sales class. This is a very simple way of avoiding what is known as self-weighting when various magnitudes are involved. With this method each company is given equal weight regardless of their size.

The following example illustrates how this calculation process eliminates the problem of the ratios' giving inordinate weight to the results of very large firms.

Firm	Sales	Factory Payroll	% of Sales Firm's Ratio Factory Payroll	PIA Ratio Factory Payroll
A	$ 200,000	$ 60,000	30.0%	
B	500,000	100,000	20.0	
C	8,000,000	975,000	12.2	
			62.2% divided by 3 = 20.7%	

* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.
** Unlike the ratios shown in this book, these figures are arithmetic averages.

HOW DO YOU COMPARE IN NORTH AMERICA?

The Individual Company Computer Printout is a fundamental part of the PIA Financial Ratio Study. It is a detailed, well-organized presentation of key financial information that encompasses every facet of your printing business. It contains data specific to your company that are not available in the published volumes of the study. The Individual Company Computer Printout, designed with you, the busy printing executive in mind, is a concise presentation of:

- Your firm's operating statement;
- Your firm's balance sheet;
- Supporting schedules for your firm's income statement and balance sheet; and
- Your firm's Return on Investment.

In addition:

- Your firm's financial data are expressed in dollars and ratio form;
- The ratios of your printing firm are compared side by side with the ratios of all other ratio study participants and "profit leaders," based on both sales revenue and value added. Ratios of survey participants and "profit leaders" that produce the same products and use the same manufacturing process are also presented for your immediate comparison;
- Using the same presentation format described in the previous item, the ratios of your printing firm are also compared side by side with the ratios of all survey participants and "profit leaders" that are approximately the same size in terms of sales; and
- Finally, "significant facts" statistics are presented to help you gauge where your company stands relative to industry "profit leaders" and the U.S. and Canadian printing industries as a whole.

Because of the detail that the Individual Company Computer Printout contains, it can quickly help you identify those areas and operations of your business that are running efficiently and those that are not. You'll be able to ascertain the seriousness of problems and how much corrective action is necessary. The bottom line is that you can purchase all of these data for a small fraction of what you would have to pay if you generated a similar analysis from scratch.

If you are part of the 1985 database, and have not already done so, I urge you to make the investment. If you are not part of the database, please consider participating in the 1986 PIA Financial Ratio Study and availing yourself of this particular service.

William A. Rose, II
Director, PIA Financial Services